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ABSTRACT

A discussion is presented of the roles of economic and human resource development in a changing economy and society. Introductory material considers the economic changes taking place in society and argues that strategies for economic redevelopment and revitalization must explicitly incorporate strategies for partnership building related to work force training and retraining. Next, an overview is provided of the work and objectives of the Putting America Back to Work Project of the American Association of Community and Junior Colleges. Then, the existing and potential resources afforded by the nation's 1,200 community colleges for contributing to economic and human resource development are highlighted. After a discussion of the role of community colleges in the process of economic recovery and redevelopment, the need for a coordinated national policy for worker training is stressed. The next section argues for linking economic and human resource development through partnerships between the nation's industry and its public schools, and presents examples of federal, state, and local government initiatives and industry efforts. Finally, the importance of local level linkages and leadership from local governments in human resource development is underscored. (HB)

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ECONOMIC AND HUMAN RESOURCE DEVELOPMENT: CHALLENGES OF THE 90s

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ECONOMIC AND HUMAN RESOURCE DEVELOPMENT: CHALLENGES OF THE 90s

Introduction

I am pleased to have an opportunity to address this National Issues Conference which focuses on PARTNERSHIPS FOR EMPLOYEE TRAINING: IMPLICATIONS FOR EDUCATION, BUSINESS AND INDUSTRY. As you well know, this is a time of tremendous challenge for our society and economy, as the nation emerges from a deep recession and attempts, at the same time, to cope with longer-term, more fundamental economic changes. The good news is that we Americans are beginning to understand the forces at work--the decline of traditional heavy manufacturing, the growth of new technologies, the need for new approaches to management of people--and thus can move beyond that paralysis induced by fear of the unknown. The bad news is that the challenge is incredibly complex and impervious to quick, economical fixes. Not only will business as usual not suffice; the price tag associated with failure to act decisively is quite high.

My basic message today is that strategies for economic redevelopment and revitalization will be only so effective as they explicitly incorporate strategies for partnership building related to work force training and retraining. This audience needs little convincing of the importance of human resource development as a basic tool for economic development. My remarks today will focus on the practical aspects of partnership building, i.e., linkage, drawing on my work over the past eight months as Executive Officer of the national community college demonstration effort, Putting America Back to Work.

Putting America Back To Work

Allow me to touch briefly on the Putting America Back to Work project, to which I provided executive direction on a half-time basis during 1982-83. Its genesis can be found in the work of a national task force of the American Association of Community and Junior Colleges, which in its report at AACJC's national meeting in April, 1982, recommended that a national human resource development policy be formulated and implemented. The task force report also called for the promotion of stronger state-level planning and management and more effective mechanisms for resource allocation and service delivery in the highly fragmented training arena.

In response to the report, the Kellogg Foundation provided AACJC with the funding for the Putting America Back to Work effort, which had three primary objectives during 1982-83.

- To build a network of public and private sector organizations committed to the development of a comprehensive, coordinated approach to human resource development as a conscious tool for the nation's economic development. Such an approach will recognize the tremendous resource represented by the nation's community and technical college systems.

- To shape national strategies and policies relative to economic and human resource development so as to promote a closer tie between the two and to ensure a fuller use of all human resource development

resources.

- To provide practical guidance and technical assistance to public and private sector organizations and institutions at the local level in building more effective human resource development systems.

In a few minutes, I will be sharing some of the major findings of the Putting America Back to Work effort with you. At this point, I am pleased to report that strong communication channels have been opened between our two-year college association and a wide variety of national public and private sector organizations having a serious interest in worker training, including the National Alliance of Business, the Committee for Economic Development, the Conference Board, the National Governors' Association, and the League of Cities, to name a few of the more prominent. We are tied into significant research streams and have established a foundation for cooperation in the policy arena. Also, in a period of increased attention to the role of state government in economic and human resource development, we have initiated direct dialogue with the nation's governors about the community college as a resource for development.

During the past year, we have gained a firmer grasp of the impressive resource for economic development that America's over 1,200 two-year community and technical colleges represent. Indeed, they have been making a significant contribution to economic development and human resource development for some time. Currently, two-thirds of the approximately 5 million two-year college credit students have chosen to pursue technical/occupational programs oriented

to business requirements, and over 1,400 different occupational specialty/technician programs are offered. At the same time, we have also been impressed by the underutilization of this precious resource, resulting from the nation's traditional reluctance to fashion comprehensive strategies for economic development and our seeming high tolerance for fragmentation. Progress is surely being made on this front, but there remains a long way to go.

The Human Resource Side of the Ledger

Before turning to the issue of partnerships and linkages, I would like to reflect for a few minutes on what has been happening in the human resource development arena. In the first place, there is a widespread and growing belief that education and training (retraining) are critical components of economic development and a major incentive for business retention, location, and expansion. The traumas associated with long-term restructuring of the American economy have certainly added fervor to this relatively recent romance with human resource development. While it appears that we have accepted a relatively high level of unemployment for certain portions of the work force, the spector of high, permanent unemployment among highly skilled, hard-working, middle-class manufacturing, auto and steel workers in Philadelphia, Baltimore, Cleveland, Detroit, St. Louis, Buffalo, and many other places appears to be far less acceptable to the nation's federal, state, and local political leadership.

Recognition is, of course, not the same as understanding, and there is ample room for debate about both the nature of the training challenge and its role in overall planning for economic development. Many of you have become familiar with Dr. Pat Choate, who estimates in Retooling the American Work Force that 10 to 15 million manufacturing workers and a like number of service employees will lose their jobs over the coming decade, as a result of foreign competition and the application of new technologies. While the precise figures are debatable, even after severe discounting, we are obviously talking about a huge challenge.

A good example of the need to look much more deeply into the nature of future labor market demand while fashioning training strategies can be found in the current debate about the impact of newly emergent "high-tech" industrial development. While it is clear that the smokestack industries which were once the industrial backbone of the nation are in decline and that new technologies and industrial processes are emerging, which bring associated training/retraining needs, the waters below the surface are quite murky. Not only is high-tech not a clearly defined field, there is also a growing debate about the job creation potential of the new manufacturing. There is reason to believe that, although the rate of growth in high-skilled jobs associated with the new technologies will be dramatic over the coming decade, in absolute numbers relatively unskilled service jobs, although growing more slowly, will loom much larger. This conclusion is supported by a recent study by Henry Levin and Russell Rumberger for the Institute for Research on Educational Finance and Governance, "The Educational Implications of High Technology." This report points out that, while jobs as data processing

machine mechanics, for example, are expected to grow by 148 percent between 1978 and 1990, in absolute numbers we are talking about a total of 156,000 jobs--only 0.4 percent of all occupations. We must be aware that overall by 1990, rapidly growing, higher-tech jobs are expected to amount to only 2.4 percent of all occupations, while the lower skilled service jobs are expected to amount to 13.3 percent. The point is, to avoid jumping on the "high-tech" bandwagon without thinking about the broader dimensions of the problem.

At this stage of development, there is as yet no substantial empirical evidence documenting the precise impact of worker training and retraining as an incentive for business retention, location, or expansion, but the chorus of affirmative testimony is rapidly growing; and the pivotal role of two-year community and technical colleges is being ever more widely recognized. Governor Thompson of Illinois provided an eloquent overview recently:

> Without question, the final years of this decade and this century will be dedicated to the work of economic recovery. And central to any policy designed to boost the economy--be it at the local, state, or national level--must be education . . . the training and retraining of our work force. Community colleges have emerged as a pivotal, critical, flexible, leading partner in this national economic and human resource development effort. These two-year community-based institutions offer a major resource of learning that is accessible, easily integrated with the community and business organizations, prime resources for training new job skills--all at a lower cost.

The growing chorus from state government includes Ohio's Governor Celeste, who has established a cabinet task force charged with the responsibility to fashion integrated training/retraining strategies for Ohio. Other prominent spokespersons for the human development through partnership are Governors Hunt of North Carolina and DuPont of Delaware.

Allow me to mention a couple of fairly recent studies which touch on the role of training in economic development. Roger Vaughn, in his study for the Council of State Planning Agencies--State Taxation and Economic Development--notes evidence of the statistically significant impact of work force training on productivity, which in turn affects locational decisions. In Vaughn's words:

> Since training workers adds to the cost of production, a state or sub-region that produces educated skilled labor has an advantage over others. In fact, it has a double advantage because high quality education can also cause more highly educated and skilled adult workers to migrate to the state or community, thereby enriching the labor pool.

A staff study prepared for the Subcommittee on Monetary and Fiscal Policy of the Joint Economic Committee of Congress, "Location of High Technology Firms and Regional Economic Development," points out that labor skills and availability is the single most important factor in high-tech manufacturing locational decisions and that state economic development strategies ignoring

human resource development are unlikely to succeed. To quote the study, "The importance of skilled technicians in the JEC survey suggests that . . . investments in human capital will have a high payoff, particularly in states in the older manufacturing regions with large numbers of unemployed, blue collar workers . . ."

Finally, to understand fully the importance as well as complexity of the linkage question, one must understand the extent of the fragmentation of the human resource development "system"--indeed, there is little in existence today that faintly resembles a real system. This fragmentation is a major barrier to the formulation of plans and strategies and the building of cooperative delivery mechanisms. It is truly impossible at this point to determine whether the nation is getting a fair return on what is a huge investment in training and retraining (a 1982 Fortune Magazine article, by the way, estimated that approximately $40 billion is being spent annually on training in the U.S., 75 percent of that by the for-profit sector). There is clearly nothing approaching a national human resource development strategy; instead, there is merely a number of largely uncoordinated policies which are articulated in several pieces of legislation, most notably the CETA/Job Training Partnership Act and Vocational Education Act. The national fragmentation is generally mirrored at the state and local levels.

There have been two important advances on the fragmentation front. First is the growing recognition that the nation can no longer afford the fragmented approach. Ruben Mettler, CEO of TRW and chair of the Business Roundtable, noting the inefficiencies of the "fragmented public policies, institutions and

programs that now exist," stated before the Senate Subcommittee on Employment and Productivity that the "nation requires and deserves a unified employment and training system." Delaware Governor DuPont observed recently before the National Press Club that a "comprehensive national employment policy must reach the same level of priority in the eyes of government as national defense, the maintenance of a sound currency and support of a healthy economy."

Beyond the growing recognition of the need for more comprehensive planning and coordination of worker training is the significant opportunity for positive change presented by new federal legislation; not for years has the legislative context been so favorable to the cause of comprehensiveness. First, the Job Training Partnership Act has provided important mechanisms at the state and local levels for planning and coordination--the new State Job Training Coordinating Councils and local Private Industry Councils. The reauthorization of the Vocational Education Act in 1984 presents another significant opportunity to rationalize federal, state and local planning and resource allocation. Community colleges have called for recognition in the Act of the significant role of community and technical colleges in adult training, through doubling the 15 percent setaside for postsecondary programs and through provision of an independent postsecondary title "that expands career training opportunities for adults and out-of-school youth, giving priority to unmet skill needs in the emerging technologies." In addition, the two national two-year college associations have jointly formulated a full legislative program that addresses human infrastructure as a paramount national priority.

Linking Economic and Human Resource Development

When considering approaches to linking worker training and economic development, it is useful to keep in mind that the fragmentation on the human resource side of the fence is no worse than that on the economic development side. At all levels of government it is no simple task to identify all the economic development policies, plans, and planning processes to which training and retraining strategies are to be linked. In effect both the archer and the target are moving.

Despite the difficulties involved in establishing linkages, there is already a wealth of practical experience involving state and local government initiative and the active participation of two-year institutions, as the National Center for Research in Vocational Education has pointed out in a recent study, "Retraining and Upgrading Workers: A Guide for Postsecondary Educators." As might be expected, the federal government has played only a minor role in fostering such linkages, in contrast to state and local governments; indeed, the tendency of federal legislative enactments is to exacerbate the fragmentation.

Top academics along with governors and corporate leadership have furthered the partnership cause through the publication of two recent national reports which contain recommendations for national action. The National Task Force on Education for Economic Growth, a major task force of the Education Commission of the States, has recommended strengthening partnerships between the nation's industry and public schools. The Business-Higher Education Forum, made up of

78 corporate and educational leaders, has submitted its report, "America's Competitive Challenge," to the President. A wide range of federal-state economic and human resource development policies are being recommended for action.

Some practical examples of the broad "models" now emerging should aid our understanding and assist in setting future directions. At the state level, there are numerous examples of formal state economic development strategies that utilize training and retraining as a major incentive for location and expansion. South Carolina has long been a national pacesetter. Industrial training consultants are placed at each of the 16 technical colleges that are managed by the Industrial and Economic Development Division of the State Board for Technical and Comprehensive Education. Major emphasis has been placed on entry-level training and the development of technical resource centers specializing in particular technological streams. Another pacesetter, North Carolina, uses its network of 58 community and technical colleges as the "presumptive deliverer of skills training in North Carolina." Massachusetts has created the Bay State Skills Corporation, which is intended to encourage and facilitate the formation of comprehensive cooperative relationships between business, industry, labor, government and education, aimed at the delivery of skills training programs consistent with employment needs. The State of Ohio has created the Industrial Training Program, as a comprehesively planned partnership effort between the Department of Education, Board of Regents, and the Department of Development. Twenty-three regional consortia oversee the development of training programs which are funded by the State.

There are also numerous examples of local government initiative in fostering the economic and human resource development tie. The City of Cleveland Target Area Investment Program--roughly speaking an elaboration of the Enterprise Zone concept--includes a training component involving a formal cooperative agreement among the primary planning and delivery mechanisms or systems, such as the community college, vocational education program of the Cleveland School System, and the local office of the Employment Service. Interestingly, the Private Industry Council mandated by the Job Training Partnership Act is seen as the body ultimately responsible for ensuring that human resource programming is linked to economic development strategies.

Portland, Oregon, implemented an innovative program to aid a growing electronics firm that combined four major incentives: land assembly; site improvements through tax increment financing; the offering of industrial revenue bonds; and negotiation of an agreement by which the City would train employees for the firm's needs in exchange for its commitment to use the City as the "first source" for the hiring of all non-professional employees. And in San Francisco, first source hiring agreements and employment plans have successfully been tied to employer incentives, including six loan packages, three approved UDAGs, and a City-issued bond.

Major corporations are also taking the initiative in tying education and training systematically to economic development strategies. For example, the Ford Motor Company and United Auto Workers collective bargaining agreement has resulted in the establishment of the National Development and Training Center housed at the Henry Ford Community College in Dearborn, Michigan. The Center

is moving rapidly to build a training delivery network throughout the country. On the local level, union leadership and management establish their own employee training programs in cooperation with the local two-year college. Approximately 40 programs are now in operation, funded by Ford's contribution of 5 cents per hour worked. Another example is the General Motors Alliance, which involves community college training of dealers and service technicians. The colleges (some 61 now) furnish instructors, and the training usually takes place at GM training centers.

A recent joint publication of the National Alliance of Business and SRI International, "The Employment/Economic Development Connection: New Tools, New Roles, New Directions," suggests three requirements for the development of an effective partnership or linkage strategy: LEADERSHIP; the willingness of key community organizations to COOPERATE; and an ORGANIZED PROBLEM SOLVING PROCESS, consisting of the following seven steps:

- Review the community's context to determine where it stands, what opportunites it can tap or what obstacles it must overcome before moving in new directions.

- Define an appropriate issue to focus upon which could be a problem to be addressed by the community (e.g., a plant closing) or an objective it seeks to attain (e.g., promoting new high-tech development).

- Organize a local team of government, business and community

representatives (e.g., mayor's office, PIC, state government, CDBG office, LDC, labor) to work on the issues.

- Analyze the local problem or set of objectives and identify opportunites for new public and private sector initiatives.

- Design a local economic development/employment strategy to address the problem or objectives originally identified.

- Negotiate an agreement among public and private sector parties spelling out new public and private policy changes, funding targets, hiring commitments, etc.

- Implement and follow through on the negotiating agreement.

Our research findings in the Putting America Back to Work effort tend to confirm the NAB/SRI conclusions. It appears clear that the local level provides ample opportunity for practical linkage building, that it is often sensible to proceed on a problem-by-problem or issue basis, rather than tackling the matter in a more global fashion, and that local government leadership is a critical ingredient for success. We are also convinced that a strong local planning and coordinating body, with top public and private membership, can create a local environment more conducive to building linkages. For example, a Private Industry Council might at the least ensure that a comprehensive inventory of training resources is brought to the attention of those involved in economic development planning; an easy next

step is to bring pressure to bear on providers to cooperate in the delivery of training services. This is certainly the direction being taken in planning the agenda of the newly formed City-County Private Industry Council in Greater Cleveland.

In Closing

In closing, let me remind you that the challenge of economic revitalization is so grave, and the stakes for our nation and its many communities are so high, that we cannot afford to neglect or underutilize one of our most powerful development tools--the creation of a trained work force prepared to meet the needs of the emerging industries which will supply the growth of the future. Nor can we afford the social and financial cost of a large body of permanently displaced and unemployed workers.

Progress is being made in linking economic and human resource development, but there is a long, difficult-to-travel road ahead. We cannot afford to wait for concerted federal action; nor should we expect to see comprehensive development policies adopted by the national government in the foreseeable future. The challenge will basically be met at the state and local levels, by those of us here today and our colleagues throughout the country. As committed citizens and professionals, can we do less than fully enlist our capabilities in this endeavor whose outcomes are so important to the long-term welfare of our nation?

Thank you.

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